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SUBJECT: MEDIA REACTION: WESTERN HEMISPHERE: BRAZIL, PRESIDENTIAL
RUN-OFF OCT 29; SAO PAULO

1. "Lula Reelected"

Liberal, largest national circulation daily Folha de S. Paulo (10/30) editorialized: "Reelected with more than 60 percent of valid votes, President Lula da Silva now has before him a much more diverse political horizon than that of 2002.... Lula is far from the aura of social and ethical renovation which his voters imagined in 2002, but his reelection is now also dissociated from the threats of economic irresponsibility and political turbulence projected by his adversaries' discourse four years ago.... The game of sustaining parliamentary power, which led the government into so many shameful disasters, will have to be played again. Any discourse on comprehensive political reforms capable of providing more transparency and functionality to republican institutions will bitterly contrast with the predominance of old-fashioned politics and absence of ideological compromises among those who hold the real power."

2. "The Cost Of An Electoral Fraud"

The lead editorial in center-right O Estado de S. Paulo (10/30) maintained: "After a campaign in which the President triumphantly and falsely addressed the voters about the economic situation, and the challenger did not dare to propose what must be done to prevent the economy from deteriorating, the time of truth has come.... Given the dramatic status of Brazil's public finances, the solutions that sooner or later will have to be adopted to prevent an otherwise unavoidable explosion of the fiscal crisis will be extremely painful. And facing the problem has become even more difficult as a result of the electoral fraud carried out by President Lula.... Productive Brazil has been for too long lethargic. The series of scandals, the unrestrained use of the administration at service of the reelection and the consequent radicalization of the political climate have already cost Brazil dearly.... As the electoral battle is over, the parties must look for civilized coexistence so as to provide the nation with the necessary tools to overcome the political crisis and foster growth. If harmony and public spirit do not prevail, Brazil will be condemned to backwardness."

3. "Another Chance To Resume Growth"

The editorial in business-oriented Valor Economico (10/30) remarked: "Reelected with a large margin of votes over the opposition candidate, President Lula regained the necessary political conditions to carry out in his second term the changes Brazil expects from him.... Lula now has sufficient power to try to lead Brazil to the path of growth that he could not find in his first

mandate. The President will try to create a broader range of alliances, something that may ensure him greater support in the Congress, but not necessarily a successful administration. It is up to him and his staff to overcome the main challenge of providing the public accounts with a long lasting balance to permit the economy a sustainable growth.... Fiscal balance is the premise so that the tax burden that suffocates growth and the formalization of the economy can be cut systematically and generalized. A political agreement with the main Congressional forces will be able to, supported by the prestige of the great advantage of votes the President obtained, conclude the tax reform that is currently stuck in the Congress."

McMullen